



**ADAPTATION FUND**

# **The Adaptation Fund - update on current situation**

**Mikko Ollikainen  
Adaptation Fund Board secretariat**

Climate Finance Readiness Seminar  
Washington, DC, 28 July 2015

# Outline of Presentation

---

- **Introduction**
- Current Status of Operations
- Recent Policy Developments



# The Adaptation Fund is one of several international funds in the multilateral climate finance landscape



*Under UNFCCC:*  
Least Developed Countries Fund (LDCF)  
Special Climate Change Fund (SCCF)

(operational)  
**2002**  
**2004**  
(currently)  
**\$ 951.2 M**  
**\$ 354.5 M**



WORLD BANK

*Outside of the UNFCCC process:*  
Pilot Program on Climate Resilience

**2008**  
**\$ 1.3 B**



ADAPTATION FUND

*Under the Kyoto Protocol of UNFCCC:*  
Adaptation Fund

**2009**  
**\$ 483.3 M**



GREEN  
CLIMATE  
FUND

*Under the UNFCCC:*  
Green Climate Fund

**2015 (?)**  
**(\$ 10 B+?)**  
**\$ 128.3 M**

# The Adaptation Fund was established under the Kyoto Protocol of the UNFCCC

- **Goal:**

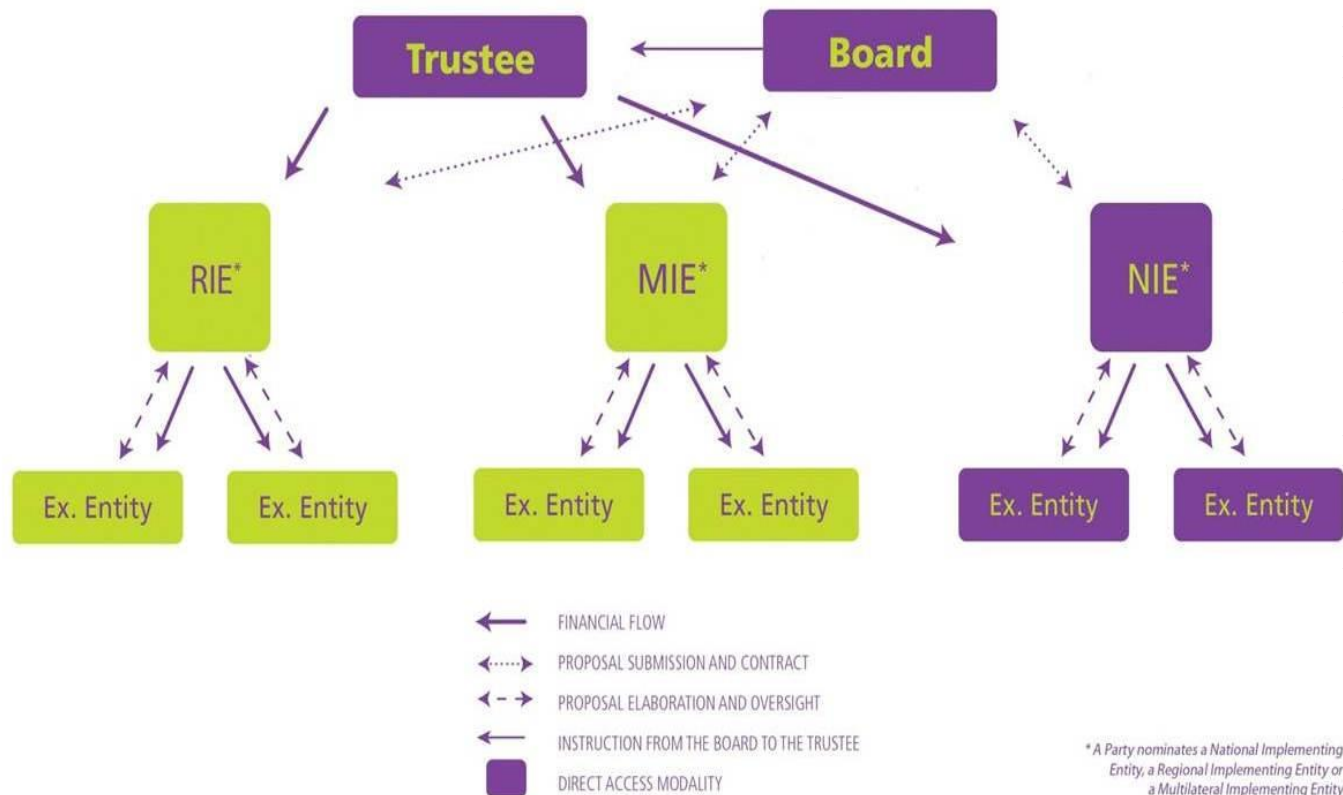
- ✓ Increase resilience through **concrete adaptation** projects & programmes
- ✓ Focus on **most vulnerable countries and communities**

- **Innovative Features:**

- ✓ Governed by **majority of developing countries**
- ✓ **Levy on** Clean Development Mechanism **proceeds** & other sources of funding
- ✓ **Direct access** alongside conventional access through international orgs



# There are 3 modalities that developing countries can use to access Adaptation Fund resources



- Funding decision (AFB)
- Funds transfer (Trustee)
- Proposal submission
- Project supervision
- Financial responsibility
- Project execution: work on the ground
- Report to the IE

4 RIEs accredited

11 MIEs accredited

19 NIEs accredited



# Direct Access is a groundbreaking modality that gives national entities full control over implementation

- Allows developing countries to **access adaptation finance directly** without intermediaries.
- Puts into practice principles of Paris Declaration on Aid Effectiveness :
  - **Ownership**
  - **Harmonization**
  - **Alignment**
  - **Mutual accountability**
  - **Results**
- Prepares countries for accessing other funds directly (including Green Climate Fund).



CMP set strict **fiduciary standards** that are internationally recognized:

- Financial integrity and management
- Institutional capacity
- Transparency and self-investigative powers

2013: Environmental and Social Policy



# Outline of Presentation

---

- Introduction
- **Current Status of Operations**
- Recent Policy Developments





# NIEs span different regions and types of economies



- 10 April 2015 two new agencies accredited:
  - Fundación NATURA (Panama)
  - Micronesia Conservation Trust (Federated States of Micronesia)





# Direct access is proving that national entities can successfully implement projects/programmes

## At the national level:

- Funds and projects directly managed by countries
- Elevates issues relating to climate change and adaptation to the national level
- Improves intragovernmental collaboration and amplifies stakeholder voices



## At the institutional level:

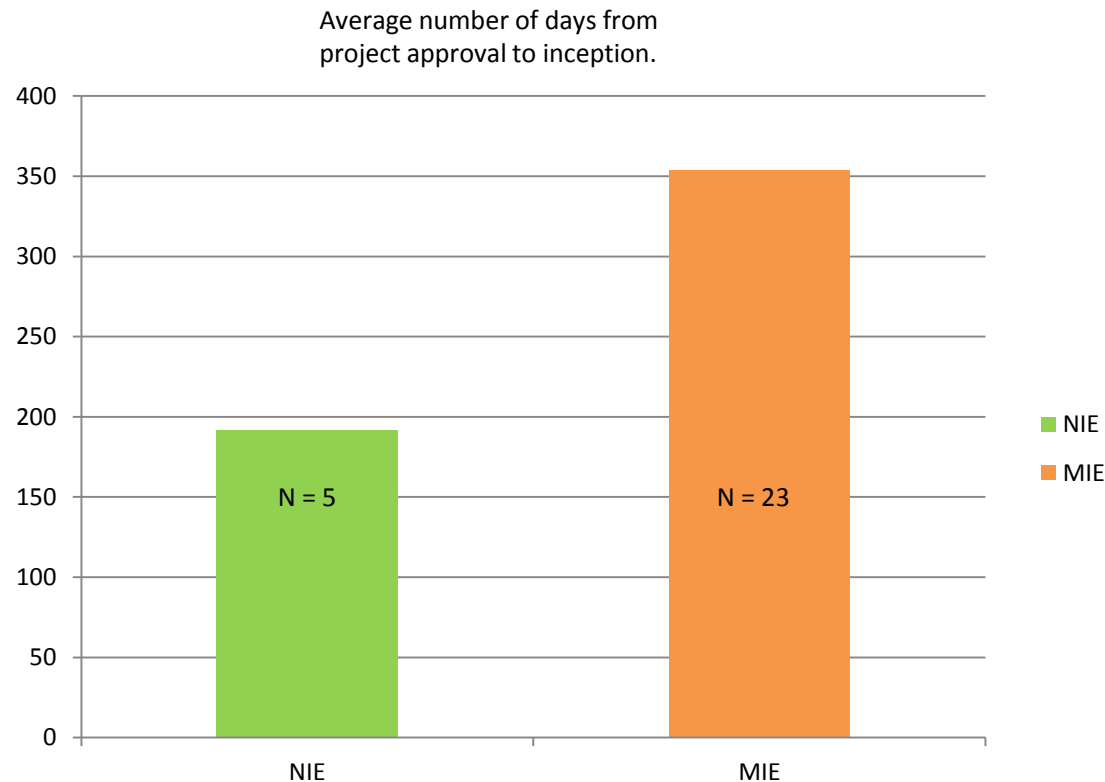
### Applicants

- Improve understanding of fiduciary standards
- Identify areas to bolster financial management and accountability
- Shift from following others' rules to having their own rules
- Improve governance by instituting policies against fraud and corruption



# Direct access is proving that national entities can successfully implement projects/programmes

- Once a project is approved, an NIE can make things happen quickly



# Lesson: Support for direct access readiness is needed

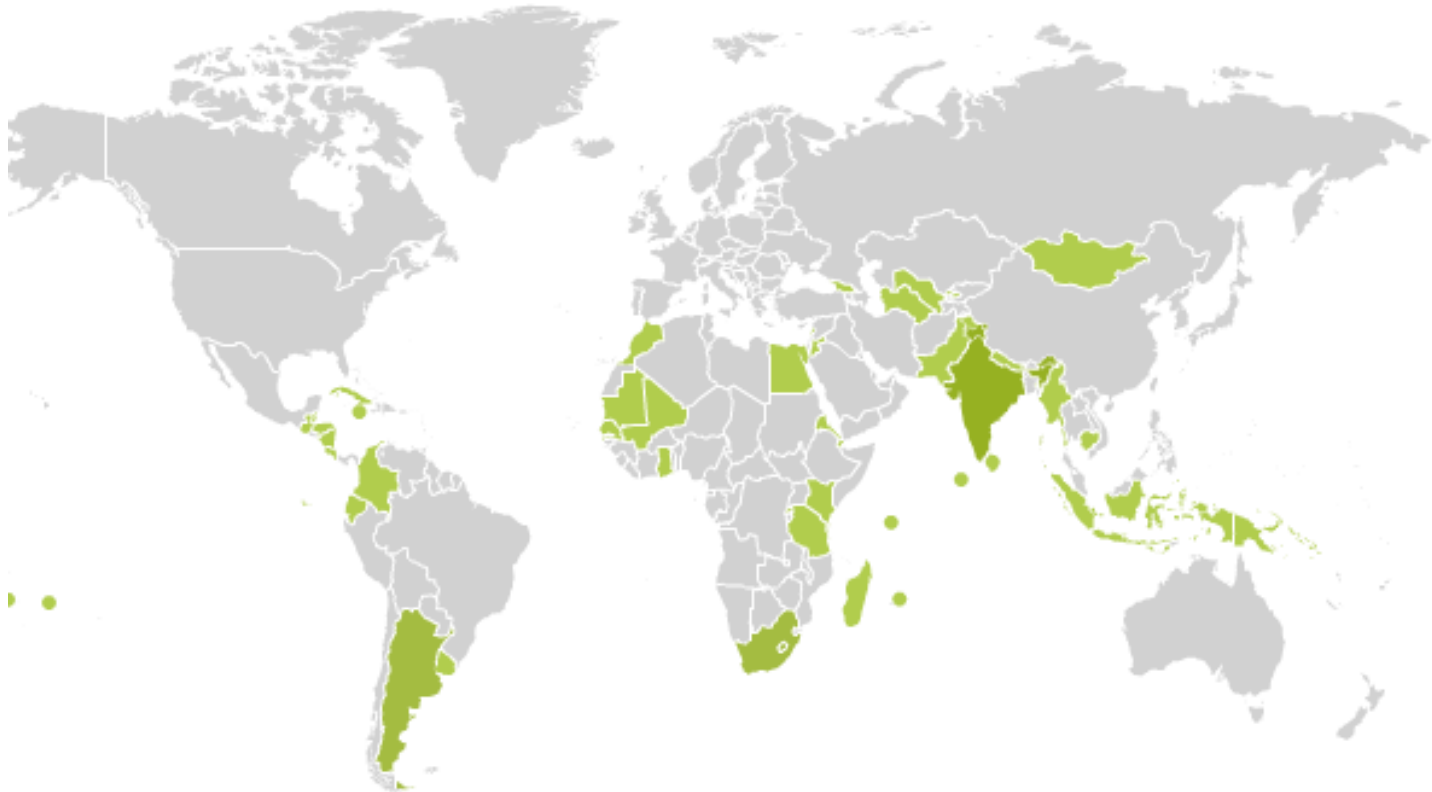
---

- Common challenges:
  - Selection of an appropriate entity for accreditation (due diligence when reviewing existing institutional capacity)
  - Understanding of and competence in fiduciary standards
  - Human resource constraints
  - Sometimes experience limited to handling smaller projects
- Those building readiness should understand both the accreditation standards and the practical challenges
- South-South cooperation should be encouraged



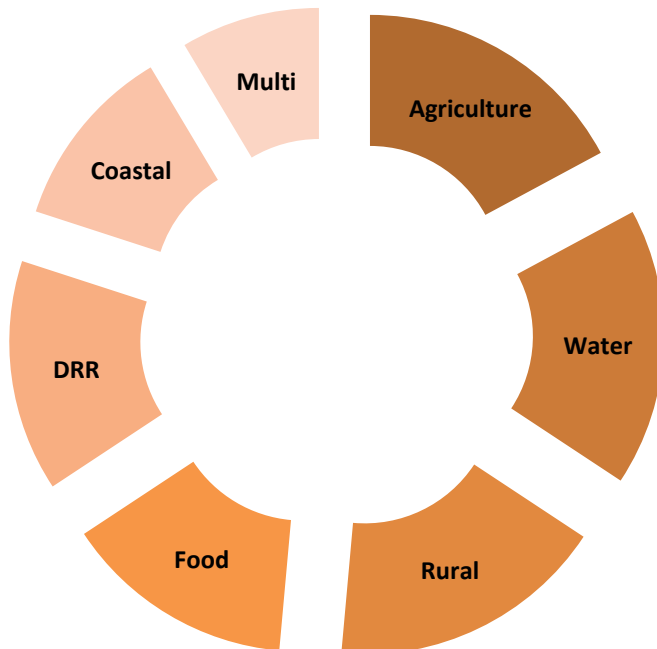
# Since 2010 the Fund has approved US\$ 318 million for 48 adaptation projects in vulnerable developing countries

- 34 implemented by MIEs
- 14 implemented by NIEs



# The project portfolio covers a diverse range of sectors that reflect the range of local needs and priorities

- The Fund **gives freedom to country governments** to decide on the priority sectors and regions



For example:

## Pakistan

### Disaster Risk Reduction

GLACIAL LAKE  
OUTBURST  
WARNING  
SYSTEMS



90% OF  
HOUSEHOLDS  
ABLE TO RESPOND  
TO EWS



## Papua New Guinea

### Coastal Zone Management

COMMUNITY-LED  
MANGROVE  
RESTORATION  
PROJECTS



300 HECTARES  
COASTAL  
CLIMATE-  
PROOFING



## Madagascar

### Agriculture/Food Security

RESILIENT  
RICE FARMING  
METHODS



8,500 HECTARES  
PROTECTED  
ECOSYSTEM  
SERVICES



## Georgia

### Water Management

IMPROVED  
FLOOD  
MANAGEMENT



COVERS 200,000  
PEOPLE IN  
8,400KM<sup>2</sup>

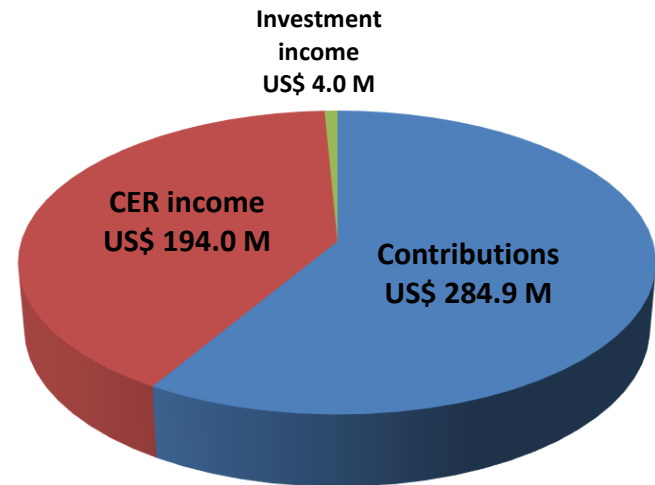
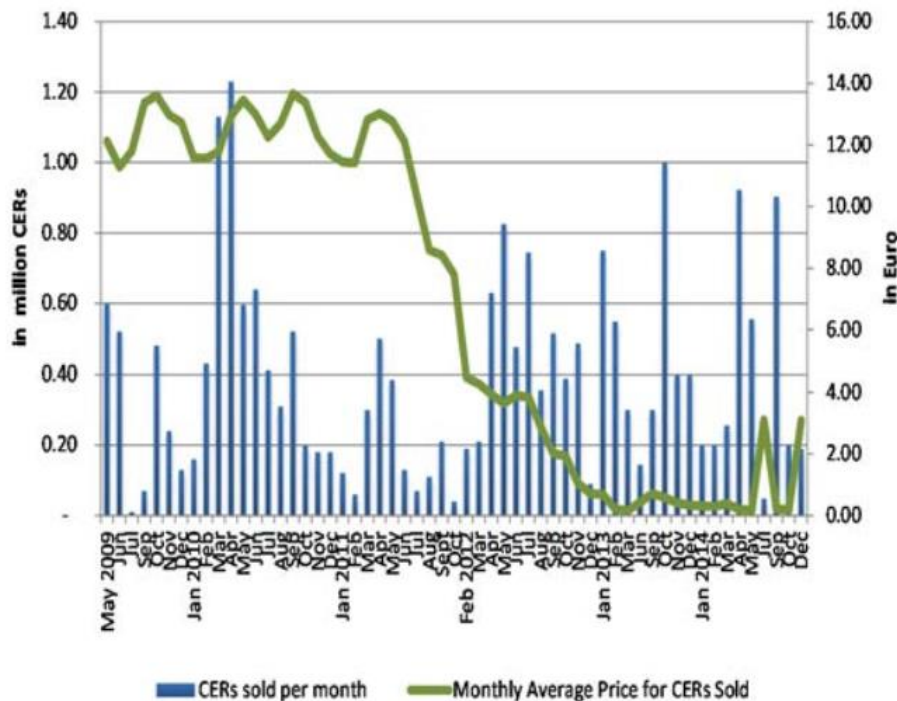


# The Fund's main revenue source is CER sales but the collapse of carbon markets means new resources are urgently needed

**CER prices have collapsed**



**Donations now main source of funds**



**Fundraising progress / targets:**

2012-13: US\$ 103.4 M / US\$ 100 M

2014-15: US\$ 64.5 M / US\$ 160 M

**Funds available for new projects:**

- For NIEs/RIEs: US\$ 130.1 M
- For MIEs: US\$ 4.4 M



# Outline of Presentation

---

- Introduction
- Current Status of Operations
- **Recent Policy Developments**





# Lesson: Support for direct access readiness is needed

## - Readiness Programme launched in May 2014

**Convening actors working on direct access (accreditation, project development, capacity building)**

**Designing improved materials on AF processes**



**Developing a knowledge exchange platform:**  
[climatefinanceready.org](http://climatefinanceready.org)

**Small grants:**

- South-south cooperation
- Environmental and Social technical assistance

# Readiness grants

---

- South-South cooperation grants for accreditation 2014:
  - CSE (Senegal) to support entities from Cabo Verde, Chad and Niger
  - MINIRENA (Rwanda) to support entity from Burundi
- South-South cooperation grants for accreditation 2015:
  - Call for proposals open – deadline is 28 September 2015
  - Up to 3 cooperation grants à US\$ 50,000
- Technical Assistance grants for E&S risk management:
  - Call for proposals open – deadline is 28 September 2015
  - Up to 5 TA grants à US\$ 20,000
  - Roster opened for interested experts: use is voluntary





# CLIMATE FINANCE READY

Knowledge Exchange for Climate Finance Readiness

Home

Features

Resources

News

About

FAQs

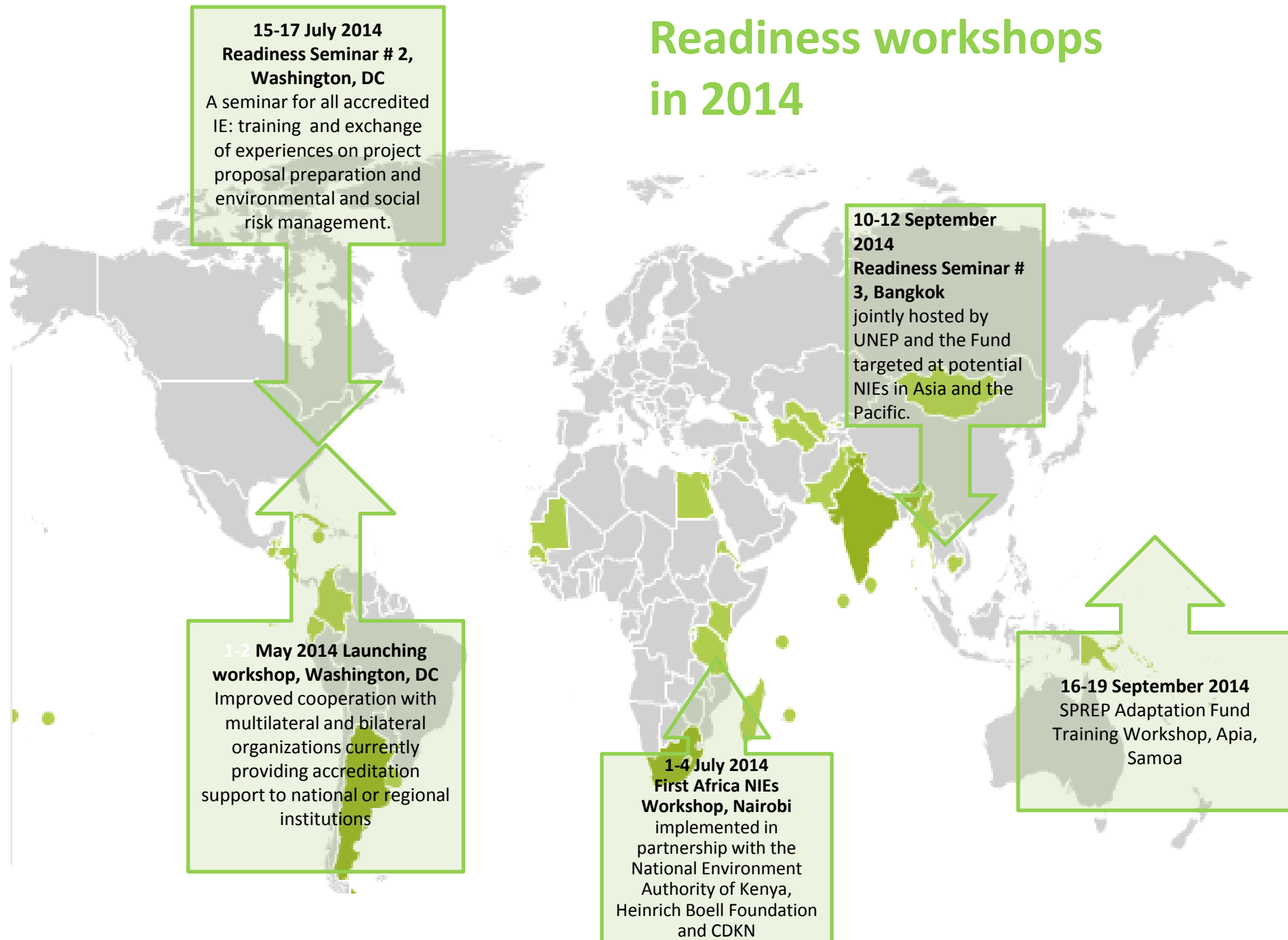


## Accreditation lessons from Jamaica

Video interview with Clare Bernard



# Readiness workshops in 2014



# Readiness workshops in 2015

**28-30 July 2015**  
**Readiness Seminar # 3,**  
**Washington, DC**

A seminar for accredited IEs: training and exchange of experiences on project proposal preparation and environmental and social risk management.

**Regional workshop,**  
**Middle East and Northern**  
**Africa and Eastern Europe**  
Details to be confirmed

**Regional workshop, Asia**  
Details to be confirmed

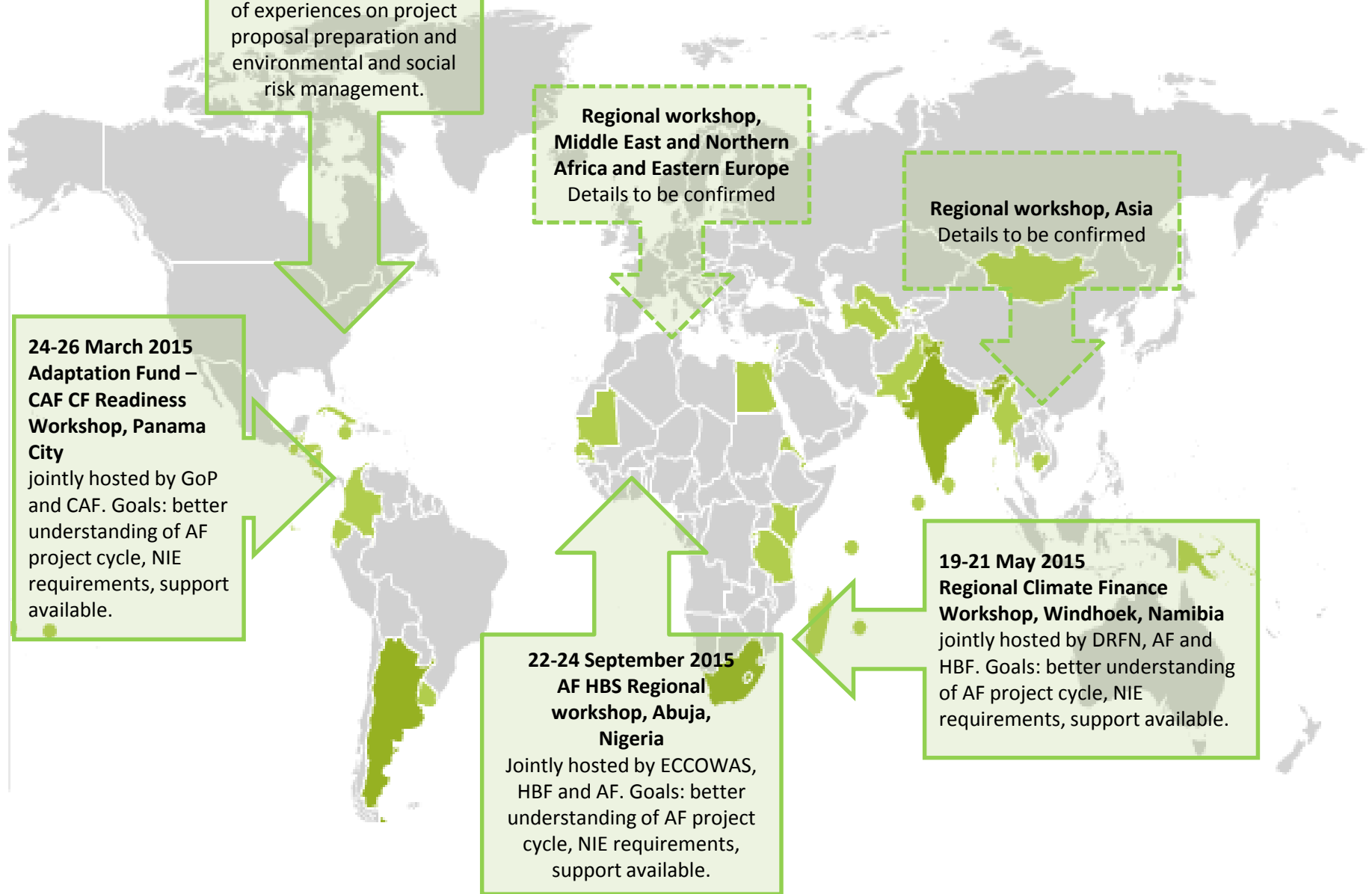
**24-26 March 2015**  
**Adaptation Fund –**  
**CAF CF Readiness**  
**Workshop, Panama**  
**City**

jointly hosted by GoP and CAF. Goals: better understanding of AF project cycle, NIE requirements, support available.

**22-24 September 2015**  
**AF HBS Regional**  
**workshop, Abuja,**  
**Nigeria**

Jointly hosted by ECCOWAS, HBF and AF. Goals: better understanding of AF project cycle, NIE requirements, support available.

**19-21 May 2015**  
**Regional Climate Finance**  
**Workshop, Windhoek, Namibia**  
jointly hosted by DRFN, AF and HBF. Goals: better understanding of AF project cycle, NIE requirements, support available.





# Policy: Environmental and Social Policy (November 2013) now rolled out to operations

## At accreditation stage:

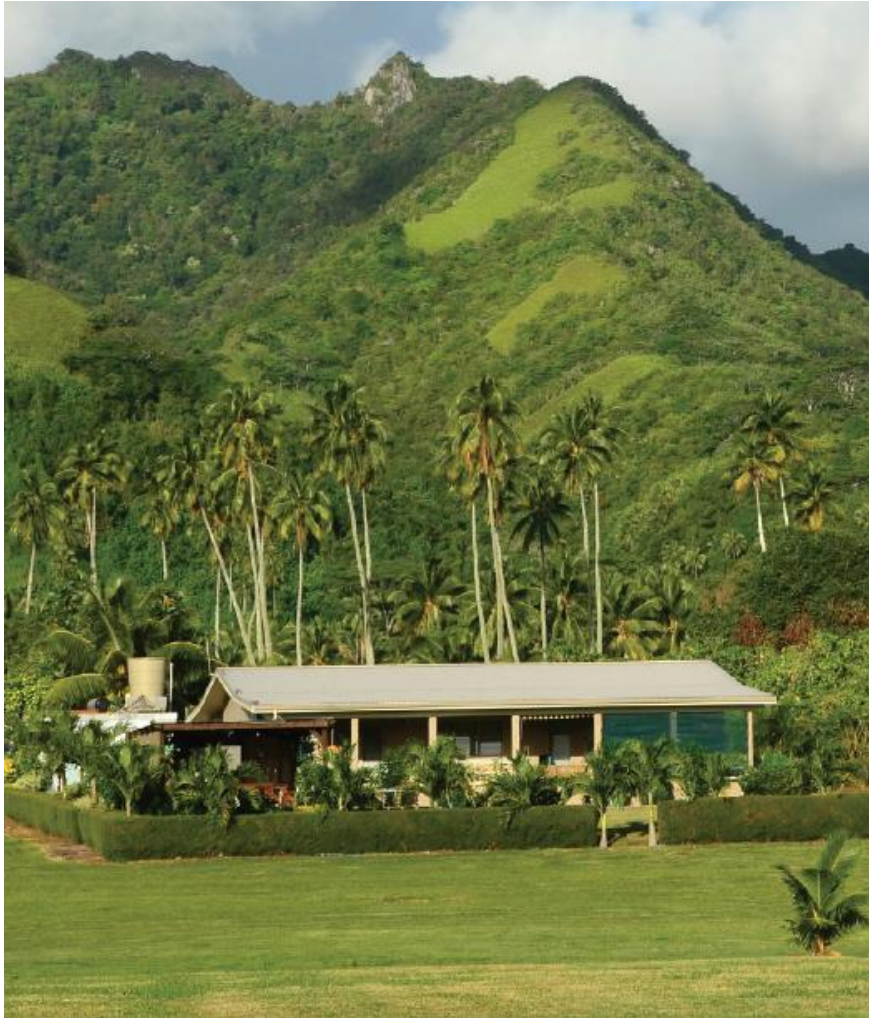
- In addition to overall risk management capacity: systems to assess, mitigate and manage environmental and social risk

## At project proposal stage:

- Screening against 15 principles of the ESP
- Categorization of proposed project
- ESIA, ESMP
- Grievance mechanism



# Policy: Streamlined accreditation process (smaller entities)



- Approved in April 2015
- In some countries, may be difficult to find suitable NIE candidates that are able to access up to USD 10 million
- Streamlined process:
  - Same accreditation standards
  - Flexibility in means of verification
  - Reduced time, effort
  - Conditionality that can be revoked





# Policy: Pilot Programme for Regional Activities

- Launched in May 2015
- Up to 4 regional projects/programmes
- Total value USD 30 million
- Open to RIEs and MIEs, partnering with NIEs and other national agencies
- Themes:
  - Food security
  - DRR & EWS
  - Transboundary water management
  - Innovation in adaptation finance
- First deadline: 4 August 2015



# Strategic discussion: Linkages with the Green Climate Fund

---

- October 2014: AFB inputs to CMP 2<sup>nd</sup> Review of the AF
  - discussion on linkages
  - developing options paper
- April 2015: AFB decided to request:
  - Chair & Vice-Chair consult with SCF
  - Chair & Vice-Chair start dialogue with GCFB Co-Chairs: linkages, complementarity
  - secretariat conduct further legal, operational, financial analysis
  - AF secretariat discuss with GCF secretariat areas of collaboration: readiness, results, accreditation, projects

# Thank you!



[www.adaptation-fund.org](http://www.adaptation-fund.org)  
[afbsec@adaptation-fund.org](mailto:afbsec@adaptation-fund.org)



**adaptationfund**



**@adaptationfund**

